



News Release

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SBA Will Continue to Zero Out Fees on Small Dollar Loans, Expands Relief for Larger Loans to Vets

WASHINGTON – The U.S Small Business Administration has announced that fee relief on 7(a) loans of \$150,000 or less implemented last year and originally slated to expire on Sept. 30, will be extended through fiscal year 2015. SBA has also announced that fee relief measures for SBA Veterans Advantage will also be renewed as well as enhanced. Both the extension of the fee relief for 7(a) loans \$150,000 and under, and the extension and enhancement of the fee relief for SBA Veterans Advantage loans will become effective today, October 1st, and will remain in effect through Sept. 30, 2015.

“We zeroed out fees on loans of less than \$150,000 to any 7(a) borrower because we don’t want SBA fees to be an impediment to getting capital out to communities where it can make a game-changing difference, especially to our underserved communities, who use these small dollar loans more frequently,” said SBA Administrator Maria Contreras-Sweet. “We also owe a debt of gratitude and so much more to our service men and women, and veterans who are the cornerstone of small business ownership. This fee relief will continue to help veterans business owners who grow their businesses, create jobs in their communities, and put their training and passion for our country to work in their neighborhoods.”

The most recent numbers available for FY14, as of September 12th, show that the SBA had guaranteed 28,806 for over \$1.74 billion in loans \$150,000 and under, up from 23,337 loans and \$1.34 billion in FY 2013. This represents an increase of 23.4 percent and 30 percent, respectively. Fee reductions on these loans resulted in almost \$19 million in savings to small business borrowers in FY 2013.

Under the original fee relief for 7(a) loans that began Oct 1, 2013, both the upfront guaranty fee and the annual servicing fee (“on-going guaranty fee”) were reduced to zero on loans \$150,000 and under.

Today, the SBA is announcing that:

- The provisions that began on Oct. 1, 2013, for 7(a) loans under \$150,000, will now be continued for fiscal year 2015. For loans larger than \$150,000, the annual servicing fee lenders pay will be 0.519 percent of the guaranteed portion of the outstanding balance of the loan. The upfront guarantee fee will continue to depend on both the amount and the maturity of the loan.

- For SBA Veterans Advantage loans, the conditions implemented on Jan. 1, 2014 – zero upfront guaranty fee on all SBA Express loans to veterans of \$150,000 up to \$350,000– will remain unchanged for FY 2015.
- Beginning today, the upfront guaranty fee for non “SBA Express” loans \$150,000 up to \$5 million will now be reduced by 50 percent. There is no reduction on the annual servicing fee for loans over \$150,000.

Seventy percent of all SBA loans made to veterans are \$350,000 or less. Since its inception through Sept. 20, 2014, SBA had guaranteed 153 loans for \$38,861,900 under Veterans Advantage. Fee relief for these loans resulted in savings to borrowers of about \$571,000.

For further information on all SBA programs and services, visit the SBA website at www.sba.gov, or contact your local SBA field office. You can find contact information for your local SBA office at <http://www.sba.gov/localresources/index.html>.

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